

## **COMMUNITY CHARTER CONVERSION REQUIREMENTS**

### **A. Justifying the Proposed Community**

Community charters must be based on “a well-defined local community, neighborhood, or rural district”. NCUA's policy is to limit the community to a single, geographically well-defined area where individuals have common interests or interact.

To justify a proposed community, please answer the following questions as applicable. In answering these questions, focus on describing how and why the community's distinctive marks clearly distinguish local interaction and/or common interests. Provide specific details if possible:

1. What is the proposed community boundary?
2. What is the total population of the proposed community, and the source for this figure?
3. What is the common political jurisdiction(s)? Describe how this common government promotes community interaction and common interests.
4. What are the major trade areas, the community shopping patterns, the traffic flows, etc., of the proposed community? How do these examples demonstrate interaction and common interests?
5. What common facilities such as, educational, medical, police and fire protection, school district, water, etc., do the proposed community residents share? How does the use of these facilities demonstrate community interaction and common interests?
6. What organizations and clubs are located within the proposed community boundary? How do these organizations promote community interaction and common interests?
7. List the newspapers or other periodicals published for and about the area, and describe why these publications help promote interaction and common interests.
8. Provide maps designating the area to be served. One map should be a regional or state map with the proposed community outlined. The other map should outline the proposed community and the identifying geographic characteristics of the surrounding areas.

9. Describe the common characteristics and background of residents (for example, their income, religious beliefs, primary ethnic groups, similarity of occupations, household types, primary age group, etc.) and explain why these common characteristics and background foster community interaction and common interests.
10. Provide any other documentation confirming the area is a community where individuals have common interests or interact.

Streamlined rules apply when the proposed service area is a recognized single political jurisdiction (such as a city, town, or county) and the population does not exceed 300,000 (200,000 for multiple contiguous political jurisdictions). If the population of the requested area exceeds this limit, you should contact the regional office for additional instruction.

## **B. Documentation Requirements**

It is essential for a converting community credit union to develop a detailed and practical business plan for at least the first two years of operation. This plan must address the unique financial and operational conditions of a community charter. We ask you to prepare, or revise, your business plan following the outline below:

- Current financial statements, including the income statement and a summary of loan delinquency;
- Pro forma financial statements for the first two years after the proposed conversion. You must include the assumptions -- e.g., member, share, loan, and asset growth used in your pro forma statements;
- Detailed marketing plan (with budget and calendar for two years) addressing how the community will be served;
- Financial services to be provided to members;
- Location of service facilities;
- Anticipated financial impact on the credit union in terms of need for additional employees and fixed assets; and
- Provide a list of any group(s) located outside of the proposed community boundary you will be notifying will be removed from the field of membership if this conversion proposal is approved.